

SUBJECT: Comments on Proposed External Research Project

Scope of Proposed Project:

The proposed project, A Research Program on Comparative Factory Systems, advances the hypothesis that "factory systems /throughout the world/ pass through a process of development whose principal outlines are highly analogous, though they are imbedded in diverse cultural settings," and "attempts to by-pass a fundamental stage in the process of development would lead to difficulties so serious as to retard rather than accelerate further progress." While recognizing that certain cultural determinants act as a framework "as to where, how fast, and how far the industrializing process will go," it is claimed that "cultural determinants cannot do much, however, about the specifics of industrializing in terms of how the factory system is designed and operated. These are determined instead by the technological, managerial, organizational, and behavioral imperatives of the factory system itself." The major objective of the proposed study is to prove, or disprove this thesis.

Research is to take place over a three year period. The professional staff is to be composed of [REDACTED] two industrial engineers, an economic historian, a mathematician, and a specialist in industrial sociology. The industrialization of the US, USSR, Japan, India, Egypt, and Italy will be studied. Proving, or disproving the hypothesis, according to the submitted outline, will provide insights into how the process of industrialization was actually carried out in America; establish a modus operandi on how underdeveloped countries should industrialize; and be invaluable in assessing probable future shifts in the balance of economic power in the world. The study will have an industrial engineering focus and will be, for the most part, a study of technology and techniques of production.

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Comments:

The proposed research project would be more impressive if it had been a simple study of production technology and no attempt had been made to relate it to a very tenuous hypothesis, which is advanced with little supporting evidence, and indeed, in the face of much evidence to the contrary.

It is recognized that there are many similarities that can be observed in the factory systems of different industrialized countries. Many of these similarities can be traced to the use of foreign consultants, with a common engineering background, the establishment of

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foreign subsidiaries, and the demonstration effect of underdeveloped countries often imitating the major features of more advanced economies irrespective of their own real needs. US aid programs have been carried out by means of capital intensive techniques in areas of large labor surpluses, and Russian engineers in China have put great stress on labor saving technology in spite of the underemployment of manpower. Engineers, when introducing an advanced technology into other countries, are often poorly qualified to recognize the specialized cultural characteristics of these countries and are usually unable to adjust their own technical requirements and background to the new environment. That there is a tendency for industrialization to follow certain guide lines has little bearing on whether such industrialization represents an optimum program. In fact, more often than not the contrary is bound to be true.

The claim that skipping certain stages is harmful is hard to accept. There is much evidence to the contrary. An industrialization that is advancing very rapidly by skipping "stages" will develop imbalances, but it is difficult to believe that the total over-all effect will be negative.

In addition, while recognizing certain similarities in the industrialization of different countries, the author fails to recognize major differences. There is a tendency to equate all US production as being representative of advanced technology. This is not true. There are very many production managers in the US who have never read Taylor. In addition, a very rigid and static meaning of "industrialization" is implied. This is not true. The [redacted] productivity studies of the early 1950's showed rather major differences between the two countries in their approach toward production, product design, organizational control, labor management and so forth. While the [redacted] were often impressed with advanced US methods it was also recognized that conditions in the UK were different and that advanced "scientific" methods and techniques of American industry would have proved unsuited to [redacted] production. The process of industrialization has not become so scientific, in spite of the belief held by some enthusiastic industrial engineers, that it must, or even should, follow certain definite phases in its development. There is no single "factory system" as such. 25X6A

Strictly from an intelligence viewpoint the proposed project has little to offer. It would appear that little original work would be possible on the USSR. No work is contemplated on China. Reading the project proposal does not instill confidence.

Recommendation:

ORR has no interest in acting as co-sponsors to this project.